



93RD GENERAL ASSEMBLY
State of Illinois
2003 and 2004
HB4332

Introduced 02/02/04, by Jay C. Hoffman

SYNOPSIS AS INTRODUCED:

305 ILCS 5/5-5.5

from Ch. 23, par. 5-5.5

Amends the Illinois Public Aid Code. In provisions concerning elements of the Medicaid payment rate for nursing homes, provides that a nursing home may at any time submit information to the Department of Public Aid to supplement the facility's most recent cost report to document its increased allowable costs of providing services resulting from capital improvements made by the facility that have not been considered in the payment rates in effect for that facility for the current fiscal year. Requires prompt verification by the Department and prompt adjustment of the facility's payment rates. Makes implementation subject to appropriations. Effective immediately.

LRB093 19613 DRJ 45354 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT in relation to public aid.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Public Aid Code is amended by
5 changing Section 5-5.5 as follows:

6 (305 ILCS 5/5-5.5) (from Ch. 23, par. 5-5.5)

7 Sec. 5-5.5. Elements of Payment Rate.

8 (a) The Department of Public Aid shall develop a
9 prospective method for determining payment rates for skilled
10 nursing and intermediate care services in nursing facilities
11 composed of the following cost elements:

12 (1) Standard Services, with the cost of this component
13 being determined by taking into account the actual costs to
14 the facilities of these services subject to cost ceilings
15 to be defined in the Department's rules.

16 (2) Resident Services, with the cost of this component
17 being determined by taking into account the actual costs,
18 needs and utilization of these services, as derived from an
19 assessment of the resident needs in the nursing facilities.
20 The Department shall adopt rules governing reimbursement
21 for resident services as listed in Section 5-1.1. Surveys
22 or assessments of resident needs under this Section shall
23 include a review by the facility of the results of such
24 assessments and a discussion of issues in dispute with
25 authorized survey staff, unless the facility elects not to
26 participate in such a review process. Surveys or
27 assessments of resident needs under this Section may be
28 conducted semi-annually and payment rates relating to
29 resident services may be changed on a semi-annual basis.
30 The Illinois Department shall initiate a project, either on
31 a pilot basis or Statewide, to reimburse the cost of
32 resident services based on a methodology which utilizes an

1 assessment of resident needs to determine the level of
2 reimbursement. This methodology shall be different from
3 the payment criteria for resident services utilized by the
4 Illinois Department on July 1, 1981. On March 1, 1982, and
5 each year thereafter, until such time when the Illinois
6 Department adopts the methodology used in such project for
7 use statewide, the Illinois Department shall report to the
8 General Assembly on the implementation and progress of such
9 project. The report shall include:

10 (A) A statement of the Illinois Department's goals
11 and objectives for such project;

12 (B) A description of such project, including the
13 number and type of nursing facilities involved in the
14 project;

15 (C) A description of the methodology used in such
16 project;

17 (D) A description of the Illinois Department's
18 application of the methodology;

19 (E) A statement on the methodology's effect on the
20 quality of care given to residents in the sample
21 nursing facilities; and

22 (F) A statement on the cost of the methodology used
23 in such project and a comparison of this cost with the
24 cost of the current payment criteria.

25 (3) Ancillary Services, with the payment rate being
26 developed for each individual type of service. Payment
27 shall be made only when authorized under procedures
28 developed by the Department of Public Aid.

29 (4) Nurse's Aide Training, with the cost of this
30 component being determined by taking into account the
31 actual cost to the facilities of such training.

32 (5) Real Estate Taxes, with the cost of this component
33 being determined by taking into account the figures
34 contained in the most currently available cost reports
35 (with no imposition of maximums) updated to the midpoint of
36 the current rate year for long term care services rendered

1 between July 1, 1984 and June 30, 1985, and with the cost
2 of this component being determined by taking into account
3 the actual 1983 taxes for which the nursing homes were
4 assessed (with no imposition of maximums) updated to the
5 midpoint of the current rate year for long term care
6 services rendered between July 1, 1985 and June 30, 1986.

7 (b) In developing a prospective method for determining
8 payment rates for skilled nursing and intermediate care
9 services in nursing facilities, the Department of Public Aid
10 shall consider the following cost elements:

11 (1) Reasonable capital cost determined by utilizing
12 incurred interest rate and the current value of the
13 investment, including land, utilizing composite rates, or
14 by utilizing such other reasonable cost related methods
15 determined by the Department. However, beginning with the
16 rate reimbursement period effective July 1, 1987, the
17 Department shall be prohibited from establishing,
18 including, and implementing any depreciation factor in
19 calculating the capital cost element.

20 (2) Profit, with the actual amount being produced and
21 accruing to the providers in the form of a return on their
22 total investment, on the basis of their ability to
23 economically and efficiently deliver a type of service. The
24 method of payment may assure the opportunity for a profit,
25 but shall not guarantee or establish a specific amount as a
26 cost.

27 (b-5) A facility may at any time submit information to the
28 Department of Public Aid to supplement the facility's most
29 recent cost report to document its increased allowable costs of
30 providing services resulting from capital improvements made by
31 the facility that have not been considered in the payment rates
32 in effect for that facility for the current fiscal year. The
33 Department must verify this supplemental information promptly
34 after receiving it from the facility. The Department must
35 adjust the facility's payment rates promptly after verifying
36 the facility's increased allowable capital costs of providing

1 services. Implementation of this subsection is subject to
2 appropriations to the Department for that purpose.

3 (c) The Illinois Department may implement the amendatory
4 changes to this Section made by this amendatory Act of 1991
5 through the use of emergency rules in accordance with the
6 provisions of Section 5.02 of the Illinois Administrative
7 Procedure Act. For purposes of the Illinois Administrative
8 Procedure Act, the adoption of rules to implement the
9 amendatory changes to this Section made by this amendatory Act
10 of 1991 shall be deemed an emergency and necessary for the
11 public interest, safety and welfare.

12 (d) No later than January 1, 2001, the Department of Public
13 Aid shall file with the Joint Committee on Administrative
14 Rules, pursuant to the Illinois Administrative Procedure Act, a
15 proposed rule, or a proposed amendment to an existing rule,
16 regarding payment for appropriate services, including
17 assessment, care planning, discharge planning, and treatment
18 provided by nursing facilities to residents who have a serious
19 mental illness.

20 (Source: P.A. 93-632, eff. 2-1-04.)

21 Section 99. Effective date. This Act takes effect upon
22 becoming law.